



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

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MEMORANDUM

To: The Honorable Donald L. Carcieri, Governor
The Honorable William J. Murphy, Speaker of the House
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Rosemary Booth Gallogly, State Budget Officer
Michael F. O'Keefe, House Fiscal Advisor
Peter M. Marino, Senate Fiscal Advisor

Date: November 24, 2009

Subject: November 2009 Caseload Estimating Conference

The Caseload Estimating Conference convened on November 5, 2009 in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2010 and FY 2011. In comparison to appropriations contained in the FY 2010 enacted budget, the Caseload Estimating Conference increased total financing for these programs by \$37.3 million and \$94.6 million for FY 2010 and FY 2011, respectively.

November 2009 Caseload Estimates	FY 2010 Enacted	FY 2010 Nov CEC	Change to Enacted	FY 2011 Nov CEC	Change to Enacted
Cash Assistance					
All Funds	\$ 120,904,054	\$ 117,266,469	\$ (3,637,585)	\$ 117,934,524	\$ (2,969,530)
General Revenues	30,178,810	30,228,938	50,128	34,470,159	4,291,349
Medical Assistance					
All Funds	\$ 1,447,698,984	\$ 1,488,600,000	\$ 40,901,016	\$ 1,545,300,000	\$ 97,601,016
General Revenues	562,347,933	578,600,000	16,252,067	668,600,000	106,252,067
Consensus Caseload Total					
All Funds	\$ 1,568,603,038	\$ 1,605,866,469	\$ 37,263,431	\$ 1,663,234,524	\$ 94,631,486
General Revenues	592,526,743	608,828,938	16,302,195	703,070,159	110,543,416

General revenue funded expenditure estimates were increased by \$16.3 million for FY 2010 and \$110.5 million for FY 2011, totaling \$126.8 million over both years compared to the FY 2010 enacted budget. The FY 2011 estimate adjusts for the December 31, 2010 expiration of the enhanced Medicaid reimbursement rate provided by the American Recovery and Reinvestment Act of 2009, accounting for \$74.1 million of the change.

Cash Assistance

The cash assistance programs for FY 2010 are estimated to total \$117.3 million, a decrease of \$3.6 million compared to the FY 2010 enacted budget. The general revenue share is estimated at \$30.2 million, an increase of \$50,128 from the enacted level. The programs for FY 2011 are estimated to total \$117.9 million, \$3.0 million below the enacted budget. The general revenue share is \$34.5 million, an increase of \$4.3 million from the FY 2010 enacted level. FY 2010 includes \$4.5 million from stimulus funds for subsidized child care that is not available in FY 2011, requiring general revenues instead. Each program is discussed separately.

Rhode Island Works. Caseload expenses are decreased by \$0.7 million for FY 2010 and \$2.7 million for FY 2011 compared to the enacted budget. The decrease in both years is due primarily to a significant downward revision to the cost estimate for transportation benefits provided to program recipients in the form of monthly bus passes. Specifically, while the enacted budget contained \$6.0 million for these expenditures, consensus estimates for FY 2010 and FY 2011 total \$3.3 million and \$2.9 million, respectively.

Program costs totaling \$45.7 million for FY 2010 are entirely supported by federal temporary assistance to needy families block grant funds. Estimated costs of \$43.6 million for FY 2011 are likewise fully funded through the federal block grant. The estimate includes 18,500 persons receiving average monthly benefits of \$190.00 in FY 2010 and 17,400 persons receiving benefits at \$194.00 per month for FY 2011.

Both the FY 2010 and FY 2011 caseload estimates for Rhode Island Works reflect caseload shifts resulting from various time limitations included in Article 16 of the FY 2009 Appropriations Act. The FY 2010 caseload estimate reflects the disqualification of 994 households from benefits in August 2009 due to the 48 month lifetime limit. The FY 2011 caseload estimate assumes that as of July 2010, approximately 1,482 households will no longer be eligible for cash assistance due to new time limitations that are part of the Rhode Island Works program, specifically the ability to only receive 24 months of assistance in a five year period. The FY 2011 estimate further assumes that the Department will allow approximately 10 percent of these households to temporarily retain their benefits through the hardship provision consistent with federal requirements allowing a state to exempt that portion of its caseload from the time limits while continuing to pay the benefits from federal funds. Each fiscal year's estimate also incorporates a trend rate of entry and exit from Rhode Island Works due to factors including, but not limited to, statutory time limitations, re-employment, non-cooperation, interstate transience, voluntary withdrawal, hardship extensions, and unemployment.

Child Care. Relative to enacted levels, child care slots are projected to decrease in both FY 2010 and FY 2011 for adopted totals of 6,400 and 6,561, respectively. Estimated FY 2010 total

costs of \$46.7 million include \$40.5 million from federal funds and \$6.2 million from general revenues.

Estimated FY 2011 total costs of \$48.6 million include \$38.9 million from federal funds and \$9.6 million from general revenues. The estimated general revenue reduction in child care costs compared to the enacted budget of \$6.5 million is \$326,523 for FY 2010, while FY 2011 general revenue costs exceed enacted levels by \$3.1 million due primarily to the lapse of federal financing provided under the American Recovery and Reinvestment Act. The increase in total estimated program cost from the revised FY 2010 estimate to the FY 2011 estimate reflects growth in both anticipated caseloads and average costs per subsidy. Note that both the FY 2010 and FY 2011 November estimates indicate a declining caseload compared to FY 2010 enacted levels, signaling a generally weakened demand for subsidized child care as unemployment remains well above historical trends.

Supplemental Security Income. The estimators adopted modifications to the number of program recipients for FY 2010 and FY 2011 compared to the enacted level of 32,200. For FY 2010, the estimate includes a monthly cost per person of \$47.00 and a recipient caseload of 32,000. For FY 2011, the estimate includes a monthly cost per person of \$47.52 and a recipient caseload of 32,600. Adding anticipated transaction costs in both years yields total expenditures of \$22.1 million and \$22.8 million in FY 2010 and FY 2011, respectively.

General Public Assistance. The estimators projected an increase in the number of general public assistance recipients in both FY 2010 and FY 2011. Expenditures were increased by \$50,769 in FY 2010 and \$0.3 million in FY 2011 for the various programs comprising General Public Assistance, including monthly cash payments, burials, and certain medical costs. The estimators recognized the state's continued ability to leverage Medicaid financing under the global waiver for medical services provided to these clients and included \$0.8 million from federal funds for FY 2010 and \$0.9 million for FY 2011, offsetting a portion of the formerly general revenue only costs.

Medical Assistance

The medical assistance programs are estimated at \$1,488.6 million for FY 2010, an increase of \$40.9 million from the FY 2010 enacted level. This includes a general revenue increase of \$16.3 million compared to the enacted budget. Federal expenditures were set at \$904.2 million or \$24.1 million more than the enacted level.

The estimators project FY 2011 expenditures of \$1,545.3 million, an increase of \$97.6 million from the FY 2010 enacted level. This is comprised of general revenues totaling \$668.6 million, an increase of \$106.3 million to the FY 2010 enacted budget that is attributable in part to the mid-year lapse of the enhanced Federal Medical Assistance Percentage pursuant to the American Recovery and Reinvestment Act of 2009. In FY 2011, the enhanced reimbursement rate will be in effect for the first two fiscal quarters of the year, with a reversion to the base (unenhanced) level on January 1, 2011. Accordingly, federal expenditures were set at \$871.0 million in FY 2011, or \$9.1 million below the enacted budget.

Hospitals. The estimators adopted the FY 2010 hospital expenditures at \$237.8 million or \$15.5 million greater than enacted levels. The FY 2011 hospital expenditures are set at \$205.5 million or \$16.8 million less than enacted. The estimates for both years continue to assume shifting the elderly and adults with disabilities populations from the fee-for-service system to the Rhody Health managed care program per the Department's policy of mandatory managed care enrollment for these clients, which began in September 2009. The state pays a capitated rate, but some outstanding fee-for-service costs for these clients are still due in FY 2010, accounting for the additional funding in FY 2010.

The 2009 General Assembly passed Section 2 of Article 19 of 2009-H 5983, Substitute A, as amended authorizing \$29.1 million for upper payment limit reimbursements and a state only payment for additional unqualified expenses in FY 2010. Although the FY 2010 estimate includes these expenditures, the FY 2011 estimate for hospitals excludes these payments due to the absence of statutory authority.

Long Term Care. Caseload estimators set the revised FY 2010 expenditures at \$363.7 million which is \$4.4 million above the enacted level. The estimators adopted the FY 2011 expenditures at \$372.8 million which is \$13.5 million above the enacted base. The estimate includes home and community based services expenses of \$50.5 million for FY 2010 and \$68.8 million for FY 2011. Consistent with Article 14 of 2007-H 5300 Substitute A as amended, the estimators added \$12.5 million for home and community care services for FY 2011.

Managed Care. Expenditures for managed care are estimated at \$568.3 million, from all sources of funds for FY 2010, a \$2.3 million reduction compared to the enacted level. FY 2011 managed care expenditures are estimated at \$627.0 million or \$56.4 million above the enacted estimate. Provided herein is financing for the Children's Health Insurance Program (CHIP) of \$41.9 million and \$49.2 million for FY 2010 and FY 2011, respectively. The estimate also includes \$3.9 million in Medicaid-matched transportation expenses in FY 2010 and \$4.1 million in FY 2011.

Rhody Health. The estimators adopted the enacted level of \$148.0 million for Rhody Health expenses for FY 2010 and \$168.0 million for FY 2011 to reflect anticipated enrollment increases and cost-shifting from the fee-for-service reimbursements into the managed care plan. These shifts result directly from the Department's newly implemented policy of mandatory managed care enrollment for the elderly and adults with disabilities populations.

Pharmacy. FY 2010 pharmacy expenditures are estimated at \$14.2 million or \$3.1 million above the enacted level. FY 2011 pharmacy expenditures are estimated at \$12.1 million or \$1.0 million greater than enacted. The \$2.1 million decrease in the estimate between FY 2010 and FY 2011 largely reflects shifting fee-for-service pharmaceutical expenses to the Rhody Health program as a result of the Department's policy of mandatory managed care enrollment for the elderly and adults with disabilities populations.

Pharmacy Clawback. The November estimate for the FY 2010 pharmacy clawback payment of \$44.0 million is \$0.7 million less than the enacted level. Clawback expenses of \$46.2 million are adopted for FY 2011. Expenditures for the Medicare Part D Clawback payment consist solely of general revenues.

Other Medical Services. FY 2010 expenditures for other medical services are estimated at \$112.6 million for FY 2010, \$21.0 million more than enacted and \$113.7 million for FY 2011, an increase of \$22.1 million compared to the enacted level. Again, the estimates include partial cost shifting to the Rhody Health program as a result of the Department's policy of mandatory managed care enrollment for the elderly and adults with disabilities populations. Similar to the hospital expenses, there are outstanding fee-for-service expenses for the newly enrolled Rhody Health clients in other medical services to be paid in FY 2010. These estimates also accommodate a predicted 15.0 percent increase in state expenditures for Medicare Part B premium assistance for dually-eligible beneficiaries, commencing on January 1, 2010.

The following table summarizes the adopted changes for cash and medical caseloads.

November 2009 Consensus Caseload Estimates	FY 2010 Enacted	FY 2010 CEC	Change to Enacted	FY 2011 CEC	Change to Enacted
Cash Assistance					
TANF/FIP					
Persons	18,316	18,500	184	17,400	(916)
Monthly Cost per Person	\$ 182.50	\$ 190.00	\$ 7.50	\$ 194.00	\$ 11.50
Total Costs	\$ 46,320,300	\$ 45,665,000	\$ (655,300)	43,582,200	(2,738,100)
TANF Block Grant	46,320,300	45,665,000	(655,300)	\$ 43,582,200	\$ (2,738,100)
General Revenues	-	-	-	-	-
Child Care					
Subsidies	6,810	6,400	(410)	6,561	(249)
Annual Cost per Subsidy	\$ 7,350	\$ 7,300	\$ (50)	\$ 7,400	\$ 50
Total Costs	\$ 50,052,500	\$ 46,720,000	\$ (3,332,500)	\$ 48,551,400	\$ (1,501,100)
Federal Funds	43,552,500	40,546,523	(3,005,977)	38,945,783	(4,606,717)
General Revenues	6,500,000	6,173,477	(326,523)	9,605,617	3,105,617
SSI					
Persons	32,200	32,000	(200)	32,600	400
Monthly Cost per Person	\$ 46.75	\$ 47.00	\$ 0.25	\$ 47.52	\$ 0.77
Total Costs	\$ 21,761,354	\$ 22,060,800	\$ 299,446	\$ 22,765,884	\$ 1,004,530
GPA Bridge					
Persons	450	514	64	520	70
Monthly Cost per Person	\$ 118.50	\$ 118.50	\$ -	\$ 118.50	\$ -
Total Costs	\$ 2,769,900	\$ 2,820,669	\$ 50,769	\$ 3,035,040	\$ 265,140
General Revenues	1,917,456	1,994,661	77,205	2,098,658	181,202
Federal Funds	852,444	826,008	(26,436)	936,382	83,938
Total Cash Program	\$ 120,904,054	\$ 117,266,469	\$ (3,637,585)	\$ 117,934,524	\$ (2,969,530)
General Revenues	\$ 30,178,810	\$ 30,228,938	\$ 50,128	\$ 34,470,159	\$ 4,291,349
Medical Assistance					
Hospital	\$ 222,288,009	\$ 237,800,000	\$ 15,511,991	\$ 205,500,000	\$ (16,788,009)
Long Term Care	359,323,205	363,700,000	4,376,795	372,800,000	13,476,795
Managed Care	570,647,492	568,300,000	(2,347,492)	627,000,000	56,352,508
Rhody Health	148,000,000	148,000,000	-	168,000,000	20,000,000
Pharmacy	11,100,000	14,200,000	3,100,000	12,100,000	1,000,000
Pharmacy Part D Clawback	44,700,000	44,000,000	(700,000)	46,200,000	1,500,000
Other Medical	91,640,278	112,600,000	20,959,722	113,700,000	22,059,722
Total Medical Assistance	\$ 1,447,698,984	\$ 1,488,600,000	\$ 40,901,016	\$ 1,545,300,000	\$ 97,601,016
Federal Funds	\$ 880,104,140	\$ 904,200,000	\$ 24,095,860	\$ 871,000,000	\$ (9,104,140)
General Revenues	562,347,933	578,600,000	16,252,067	668,600,000	106,252,067
Restricted Receipts	5,246,911	5,800,000	553,089	5,700,000	453,089
Total Expenditures	\$ 1,568,603,038	\$ 1,605,866,469	\$ 37,263,431	\$ 1,663,234,524	\$ 94,631,486
General Revenues	\$ 592,526,743	\$ 608,828,938	\$ 16,302,195	\$ 703,070,159	\$ 110,543,416